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A Study on Perception of the Entrepreneurs about Digital Payments and its Impact in the State of Andhra Pradesh

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Abstract.

Over time, the concept of Digital India has permeated every aspect of our nation's inhabitants' lives and given rise to a number of digital platforms. Any payment done with digital instruments is formally referred to as a digital payment. Digital payments are essential and offer several benefits over cash, including ease of use, security, and transparency. In present scenario, the banking industry plays a crucial role in digital payment by providing digital instruments like debit cards, mobile banking, mobile wallets and so on. Payment systems continue to have a high level of trust since they have demonstrated their sustainability and efficiency of the people in general. This paper studies the perception of entrepreneurs in the state of Andhra Pradesh about the digital payments and its impact on their business.

1. Introduction.

India's financial environment has been profoundly changed by digital payments, with over 200% more digital transactions occurring in the last four years since FY 2018-2019. In the past three years, UPI transactions have increased eight-fold as well, hitting 45 billion in FY 2022. P2M UPI transactions grew by 119% in February 2023. MSMEs can make loan repayments more easily, quickly, and securely with digital transactions, which also lessen the administrative load and lower the possibility of losing crucial documents. Verifiable digital financial transaction trails encourage financial inclusion by integrating previously underserved groups into the formal financial services ecosystem and assisting lenders in making better data-driven lending decisions. Due to the automatic loan payback mechanisms, streamlined repayment obligations payment, enhanced security features, increased financial inclusion, and flexible cash flow management, digital payments help MSMEs repay their loans more easily. These features give business owners peace of mind while processing payments and assist companies with erratic cash flow patterns. Financial inclusion and the inclusion of underprivileged groups in the formal financial services ecosystem are being pushed by this trend.

2. Various modes of digital payments in India

Many payment methods have been introduced by companies, such as digital wallet payment systems, USSD code payments, NFC and MST transmission waves platforms, Mobile Money Identifier (MMID) payments, UPI App-based payments platform, and QR Code-based payments system. Through POS systems, contactless transactions are possible without using card readers thanks to NFC and MST technologies. Users can add monies to their wallets and load money into them using digital wallet apps. These services do have some restrictions, though, such allowing money transfers to the same wallet alone. Through the use of GSM-based technology, USSD code payments enable message-based

transactions. It acts as a bridge between banking financial services and telecommunication. Once registered, the bank will issue an MMID, a seven-digit unique number that permits minor interbank money transfers. For quick money transfers, the UPI App-based payments network generates virtual addresses without revealing IFS codes and account details. Many banking apps, such as HDFC UPI, SBI UPI, ICICI UPI, and AXIS UPI, offer this feature.

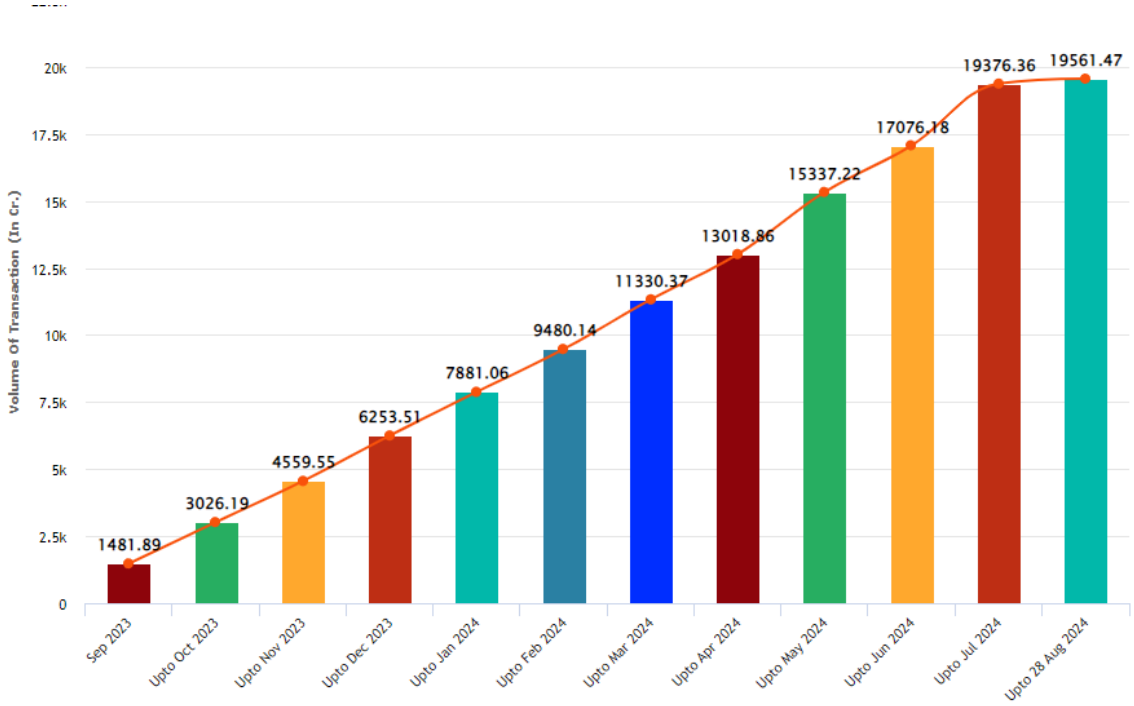
To transfer money via a QR code-based payment, simply scan the merchant's code. Digital payment apps like BHIM and other banking apps frequently uses this technique. Information on the object is stored in the black square and is automatically communicated via the smartphone, removing the need for human input. To encourage digital payment activities, the government created the Bharat QR code project.

3. Evolution of digital payments in India

The advent of technology has had a profound influence on various aspects of our life, particularly in terms of our consumer behaviour and methods of payment. The e-commerce industry has experienced substantial growth in recent years, as Indian consumers increasingly rely on their smartphones and tablets to carry out transactions. Significant events in the progression of digital payments in India comprise the issuance of the first Indian bank credit card in 1980, the establishment of the National Electronic Funds Transfer (NEFT) in 2005, the introduction of IMPS in 2010, the creation of the RuPay card scheme in 2012, the establishment of the Bharat Bill Pay System in 2013, and the launch of UPI in 2016.

The digital payments sector in India is projected to produce a revenue of US$700 billion by 2022. This growth will be primarily fuelled by the fintech industry's advancements in blockchain technology, cloud-based payment systems, cryptocurrencies, and other Internet of Things (IoT) and Artificial Intelligence (AI) powered technologies. The Indian economy is shifting from a cash-based system to a digital economy as a result of the growing use of smartphones, the availability of digital payment services provided by non-banking organisations, customer demand for convenient one-touch payments, and the implementation of regulatory oversight and tax incentives. Consequently, an increasing number of companies that specialise in wallets are now providing credit and payment services. Additionally, fintech companies are offering immediate loans, wealth management, electronic gold, and digital insurance.

Fig. 3.1: Volume of Digital payments transaction during sep 2023 to aug 2024



Source: https://digipay.gov.in/dashboard/default.aspx

4. Review of Literature.

Shah, K., & Zala, P. D. The study uses an empirical inferential statistical research strategy to examine the social implications of digital payments in Gujarat, an Indian state. It found that individuals are aware of digital payment systems, with no significant disparity in perceptions based on demographic criteria. Most students use banking cards and Paytm, and consider digital payment systems superior to traditional methods. However, the study has limitations, such as potential subjective biases in the data collected through questionnaires. Despite these limitations, the study suggests that Gujarat has the potential to be a successful state with a diverse and inclusive economy.

Lakshmi, S., & Nandini, R. G. (2022). The study examines the digital payment interface among working women, focusing on their preferences for digital payments over cash transactions and identifying the most convenient transaction methods according to women. The objective of the study is to offer positive comments and recommendations to enhance digital payment utilization. The study specifically focuses on understanding payment preferences during COVID-19.

Sarathi, M. S. P., & Kalyan, N. B. The main aim of this study is to assess the extent of knowledge regarding various digital platforms and the prevalence of digital financial literacy. A total of 264 homes from Kadapa, Andhra Pradesh were randomly selected as samples for this study. A meticulously constructed questionnaire survey approach is employed to collect data on digital financial literacy. The study's findings indicate that government and financial service providers should promote awareness of digital truncations and develop rules about digital payments.

Mahesh, K. M., Aithal, P. S., & Sharma, K. R. S., (2023). The influence of Digital Financial Inclusion (DFI) programs on self-help groups (SHGs) possesses significant potential for fostering sustainable development. By integrating digital technology with financial services, these projects have resulted in dramatic improvements in operations.
Empowerment of Self-Help Groups (SHGs), therefore facilitating the comprehensive socio-economic development of communities.

Joshi, M. (2017). His study paper, which was titled "Digital Payment System: A Feat Forward of India," has been published. analysed the flow of different forms of digital payment throughout the course of the past three years.

Research Gap

After reviewing relevant available literatures there is few studies follows the perception of entrepreneurs about digital payments in the selected region. Therefore, the researcher selects this topic and make further recommendations of the topic.

5. Objectives of the study

This study had a predetermined objective which is as follows

1. To know the entrepreneur’s opinion about digital payments and its convenience.
2. To study the various benefits that are offered by various digital payment platforms.

6. Hypothesis of the study

HO1: There is no significant variance between perception of entrepreneurs about digital payments in selected region.

HO2: There is no significant association between digital payments and digital payment platforms in selected region

7. Research Methodology

The research study seeks to comprehend the perception and acceptance of digital payment systems in by the entrepreneurs in the state of Andhra Pradesh and to provide strategies for increasing awareness. For this research purpose, Primary data was gathered using a structured questionnaire disseminated among individuals in various cities at selected region encompassing numerous factors to assess their awareness and perception of digital payment systems. The study seeks to offer significant insights on the implementation and utilization of digital payment systems in Andhra Pradesh.

8. Sample size

For this study 100 samples are collected at selected region by using non-probability continence sampling technique. The distribution of samples is as follows.

8.1 Distribution of respondents as per gender

Gender	No.of respondents
Male	73
Female	27

8.2 Distribution of respondents as per their location of business unit

Urban	50
Rural	50
Total	100

8.3 Distribution of respondents as per their age

18-25 years	13
26-35 years	38
36-45 years	29
46-55 years	14
51 and above	6
Total	100

8.4 Distribution of respondents as per their Qualification

Up to Higher Secondary	18
UG & P.G	79
Professional & Technical	3
Total	100

The above tables show the distribution of samples according to their gender, location of enterprise, age and educational qualifications. Table.8.1 reflects the distribution of samples according to gender. There is 73 male respondents and 27 female respondents are taken for this research. In table 8.2, the distribution is based on location of respondent's business enterprises. As per the collected samples there is equal number of respondents from rural and urban areas. Table.8.3 distributes the respondents as per their age. Majority of the respondents from the age group of 26-35 years, followed by 29 respondents from the age group of 36-45 years. 13 respondents from the age group of 18-25 years and 14 from 46-55 years. Only 6 respondents belong to the age group of 51 and above. Table 8.4 shows the distribution of respondents as per their educational qualifications. Most of the respondents (19) having UG and PG as their qualification. 18 respondents complete their higher secondary education. Only 3 respondents having professional qualification.

Table. 8.5: Preferable mode of digital payment

UPI	71
Net banking	11
debit/credit cards	12
USSD	6
Total	100

Table 8.5 shows that out of 100 respondents 71 people prefer UPI as preferable mode of digital payment because of its convenience and ease of use. 11 respondents prefer net banking as their preferable mode of payment and 12 respondents voted debit or credit cards as their preferable mode of digital payment. Only 6 respondents use USSD as their convenient method of digital payment.

Table.8.6 Area of location of the Enterprise * preferable mode of digital payment Crosstabulation

Count

		preferable mode of digital payment				
		UPI	Net banking	debit/credit cards	USSD	Total
Area of location of the Enterprise	Urban	31	7	8	4	50
	Rural	40	4	4	2	50
Total		71	11	12	6	100

Source: Calculated data

Table 8.6 show that the cross tabulation between location of enterprises and preferable mode of digital payment. Out of 100 respondents 50 respondents are from rural and 50 from urban. in rural location most of the respondents (40) prefer UPI as convenient mode followed by net banking and debit/credit cards (4). Only 2 respondents prefer USSD. Meanwhile, in urban location 31 respondents prefer UPI, followed by debit/credit cards (8). 7 respondents from urban prefer net banking as convenient mode and 4 respondents prefer USSD.

The Chi-Square test revealed a statistic of 3.959 with 3 degrees of freedom and a p-value of 0.266. Since the p-value is greater than 0.05, we fail to reject the null hypothesis. This indicates that there is no significant association between the location of enterprise and the preferable mode of digital payments.

Table. 8.7. Gender * preferable mode of digital payment Crosstabulation

Count

		preferable mode of digital payment				
		UPI	Net banking	debit/credit cards	USSD	Total
Gender	Male	54	6	8	5	73
	Female	17	5	4	1	27
Total		71	11	12	6	100

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.959[a]	3	.266

Source: Calculated data

From the above table 8.7, 54 male respondents out of 73 and 17 female respondents out of 27 prefer UPI as convenient mode of digital payment. 6 male respondents and 5 female respondents prefer net banking. Out of 12 respondents 8 male respondents and 4 female respondents prefer debit/credit cards as their convenient digital payment mode. Only 5 male and 1 female respondent prefers USSD mode of digital payment.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.806[a]	3	.422

The Chi-Square test revealed a statistic of 2.806 with 3 degrees of freedom and a p-value of 0.422. Since the p-value is greater than 0.05, we fail to reject the null hypothesis. This indicates that there is no significant association between the gender of respondents and the preferable mode of digital payments.

Table 8.8. Age * preferable mode of digital payment Crosstabulation

		preferable mode of digital payment				
		UPI	Net banking	debit/credit cards	USSD	Total
Age	18-25 years	10	3	0	0	13
	26-35 years	28	1	7	2	38
	36-45 years	20	4	3	2	29
	46-55 years	10	1	2	1	14
	51 and above	3	2	0	1	6
Total		71	11	12	6	100

Source: Calculated data

Table 8.8 show the crosstabulation between age and preferable mode of digital payment of the respondents. Age group of 18-25 years out of 13 respondents, 10 respondents prefer UPI, 3 respondents prefer net banking. None of the respondents from the age group of 18-25 years follows debit/credit cards and USSD. Out of 38 respondents from the agr group of 26-35 years, 28 follows UPI, 7 follows debit/credit cards, 2 follows USSD and onlt 1 respondent prefer net banking. There is a total of 29 respondents belongs to the age group of 36-45 years majority (20) prefer UPI followed by net banking (4), Debit/credit cards (3) and USSD (2). The age group of 46-55 years, 10 respondents prefer UPI, 2 respondents prefer debit/credit cards and 1 respondent prefer net banking and USSD. A total of 6 respondents of age group 51 and above 3 prefer UPI, 2 prefer net banking, 1 prefer USSD and none of them prefer debit/credit cards.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.486[a]	12	.335

The Chi-Square test revealed a statistic of 13.486 with 12 degrees of freedom and a p-value of 0.335. Since the p-value is greater than 0.05, we fail to reject the null hypothesis. This indicates that there is no significant association between the age of respondents and the preferable mode of digital payments.

Table. 8.9 Perception of digital payments to the entrepreneurs based on gender

Perception		N	Mean	Std. Deviation	F value	Sig Value
Convinience	Urban	73	3.36	1.418	.002	.965
	Rural	27	3.37	1.523		
	Total	100	3.36	1.439		
Enhansed security	Urban	73	3.71	1.241	.011	.916
	Rural	27	3.74	1.059		
	Total	100	3.72	1.190		
Reduced cost	Urban	73	3.74	1.155	.177	.675
	Rural	27	3.63	1.182		
	Total	100	3.71	1.157		
Better consumer experience	Urban	73	3.89	.951	6.387	.013
	Rural	27	3.30	1.265		
	Total	100	3.73	1.072		
Low risk of theft	Urban	73	4.14	.839	.303	.583
	Rural	27	4.04	.706		
	Total	100	4.11	.803		
Increased sales	Urban	73	4.21	.726	2.070	.153
	Rural	27	3.96	.808		
	Total	100	4.14	.752		

Source: Calculated data

The above Table. 8.9 explains about the perception of digital payments based on the location of the entrepreneurs. analysis of Mean scores for convenience of digital payments with the total mean score is 3.36, with standard deviations 1.439. The ANOVA test resulted in an F-value of .002 and a p-value of .965, indicating no statistically significant difference in perceptions among location of entrepreneurs regarding this factor. Therefore, the null hypothesis, which posits no difference in perceptions, is not rejected. This suggests a consistent perception across locations concerning the convenience with digital payments, with no significant variations. For enhanced security, the total mean was 3.72 with a SD of 1.190. The ANOVA F value is .011 and the P value is .916. this indicates the acceptance of null hypothesis in this regard. Therefore, there is no statistically significance between location of entrepreneurs and enhanced security of digital payments. Digital payments may reduce the maintenance cost, for this regard the mean value is 3.71 and standard deviation is 1.157. the above table indicates the ANOVA f value .177 and P value of .675. here the P value is greater than significant value of .005, therefore we fail to reject the null hypothesis. It indicates there is no significant variance between location of entrepreneurs about the perception of digital payments regarding reduced cost. The total mean value for better consumer experience is 3.73 and standard deviation are 1.072. for this perception ANOVA value is 6.387 with a P value of .013. it is clear that there is no statistical significance between location of entrepreneurs and perception of digital payments regarding better consumer experience. For the perception about low risk of theft, the total mean score is 4.11 with a standard deviation of .803. the F statistic is .303 with a p value of .583. This indicates there is no significant variance about location of entrepreneurs and the perception about digital payments regarding to low risk of theft. Digital payments lead to increased sales, for this the total mean values are 4.14 with a SD .752. the ANOVA for this is 2.070 and p value is .153. this indicates there is no significant variance between location of entrepreneurs and perception of digital payments about increased sales.

9. Findings and suggestions.

- The tables illustrate the sample distribution according to location, enterprise location, age, and educational qualifications, including 73 male and 27 female respondents for this study.
- The distribution of respondents is based on location of business enterprises, age, and educational qualifications. The majority are aged 26-35, with 29 from 36-45, 13 from 18-25, and 14 from 46-55. Only 6 are 51 and above. Most have UG and PG qualifications.
- Out of 100 respondents, 71 prefer UPI for convenience, 11 prefer net banking, 12 prefer debit or credit cards, and 6 use USSD.
- The study reveals that rural respondents prefer UPI, net banking, and debit/credit cards as their preferred digital payment mode, while urban respondents prefer UPI, net banking, and USSD, with only 2 respondents preferring USSD.
- The survey revealed that 54 male and 17 female respondents choose UPI as their preferred digital payment method, whereas 6 prefer online banking and 5 prefer debit or credit cards. Merely five individuals' favour USSD. The Chi-Square test indicated no significant correlation between location and preferred digital payment method.
- The study analysed the preference of respondents aged 18-25, 26-35, 36-45, 46-55, and 51 and above for digital payment modes. Out of 13 respondents, 10 preferred UPI, 3 preferred net banking, and none preferred debit/credit cards or USSD. The majority of respondents preferred UPI, followed by net banking, debit/credit cards, and USSD. The Chi-Square test showed no significant association between age and preferred digital payment mode.
- The study reveals no significant difference in perceptions of digital payment convenience among entrepreneurs based on location, indicating a consistent perception across all locations regarding the convenience of digital payments, with no significant variations.
- The study found no statistically significant relationship between location and enhanced security of digital payments, with a mean of 3.72 and a standard deviation of 1.190.
- The study found no significant location variance in perception of digital payments' potential to reduce maintenance costs, with a mean value of 3.71 and a standard deviation of 1.157.
- The study found no significant correlation between location of entrepreneurs and perception of digital payments for better consumer experience, with a mean value of 3.73.
- The study found no significant difference in entrepreneurs' perception of low risk of theft based on location or digital payments, with a mean score of 4.11.
- The study found no significant difference in sales between location of entrepreneurs and their perception of digital payments, with a mean value of 4.14.

10. Conclusion

Consumers and business proprietors are increasingly cognizant of the fact that digital payment is beginning to influence factors beyond merely facilitating convenient and safe transactions. Companies must innovate to fulfil client expectations, considering factors such as smartphone ubiquity, income levels, user preferences, and privacy and security issues. By implementing digital payment options for government fees, governments can eliminate barriers and enhance acceptance by serving as a model for others. Consumers and company owners are increasingly recognizing that digital payment is influencing factors beyond only enabling convenient and safe transactions. Companies must innovate to fulfil client expectations, considering factors such as smartphone penetration, income levels, user preferences, and privacy and security issues. By implementing digital payment options for government fees, governments can eliminate barriers and enhance acceptance by serving as a model for others.

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